



**Health Services**  
LOS ANGELES COUNTY

Los Angeles County  
Board of Supervisors

May 8, 2007

**Gloria Molina**  
First District

**Yvonne B. Burke**  
Second District

**Zev Yaroslavsky**  
Third District

**Don Knabe**  
Fourth District

**Michael D. Antonovich**  
Fifth District

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**REQUEST TO ACCEPT COMPROMISE OFFER OF SETTLEMENT**  
(All Districts) (3 Votes)

**Bruce A. Chernof, MD**  
Director and Chief Medical Officer

**John R. Cochran III**  
Chief Deputy Director

**Robert G. Splawn, MD**  
Senior Medical Officer

IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the Director of Health Services or his designee to accept the attached compromise offers of settlement, pursuant to Section 1473 of the Health and Safety Code, for the following individual accounts for patients who received medical care at a County facility:

(1)	Account Number	LAC+USC - 1763965	\$4,667
(2)	Account Number	LAC+USC – Various Accounts	\$9,000
(3)	Account Number	LAC+USC – Various Accounts	\$46,667

313 N. Figueroa Street, Suite 912  
Los Angeles, CA 90012

Tel: (213) 240-8101  
Fax: (213) 481-0503

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The compromise offer of settlement for patient accounts (1) - (3) are recommended because the patients are unable to pay the full amount of charges and the compromise offers represent the maximum amounts the Department will be able to receive under the legal settlements involved in these cases.

*To improve health  
through leadership,  
service and education*

The best interests of the County would be served by the approval of these compromises since it will enable DHS to maximize net revenue on these accounts.

IMPLEMENTATION OF STRATEGIC PLAN GOALS:

The recommended action will satisfy County Strategic Plan Goal #4, Fiscal Responsibility.

FISCAL IMPACT/FINANCING:

This will expedite the County's recovery of revenue totaling approximately \$60,334.

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FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On January 8, 2002 the Board approved an ordinance granting the Director of Health Services (Director) authority to reduce patient account liabilities when it is in the best interest of the County to do so. The ordinance was adopted by the Board on January 15, 2002.

Under County Code Chapter Section 2.76.046, the Director has the authority to reduce patient account liabilities by the greater of i) \$15,000, or ii) \$75,000 or 50% of the account balance, whichever is less. Any reduction exceeding the Director's authority requires Board approval.

Typically, recoveries in legal settlements are approximately divided into thirds – one third each to the plaintiff (patient), attorney, and lien holder(s), although the final result is always the product of negotiation. The County may therefore receive a higher or lower percentage depending on the circumstances of the case. Factors that affect the County's percentage include the number of other lien holders and the contractual agreement between the plaintiff and his or her lawyer.

The compromise of these accounts is not within the Director's authority, so the Director is requesting Board approval of these compromises.

CONTRACTING PROCESS:

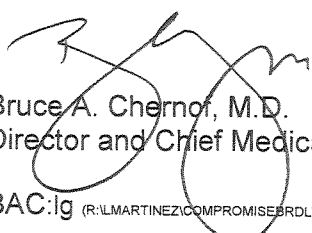
Not applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Maximizing net revenues on these accounts will help DHS meet its budgeted revenue amounts.

When approved, DHS requires three signed copies of the Board's action.

Respectfully submitted,

  
Bruce A. Chernof, M.D.  
Director and Chief Medical Officer

BAC:lg (R:\LMARTINEZ\COMPROMISE\BRDLTR#52\LETTER)

Attachments

c: Chief Administrative Officer  
County Counsel  
Executive Officer, Board of Supervisors

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 1  
DATE: May 8, 2007

<b>Total Charges</b>	\$72,984	<b>Account Number</b>	1763965
<b>Amount Paid</b>	\$0	<b>Service Type</b>	Inpatient
<b>Balance Due</b>	\$72,984	<b>Date of Service</b>	08/16/04 - 08/28/04
<b>Compromise Amount Offered</b>	\$4,667	<b>% Of Charges</b>	6%
<b>Amount to be Written Off</b>	\$68,317	<b>Facility</b>	LAC+USC Medical Center

### JUSTIFICATION

This patient was involved in an automobile versus pedestrian accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient charges of \$72,984 for medical services rendered. The patient did not apply for the Ability-to-Pay program. The patient was contacted but did not provide further information since he had obtained an attorney. Ultimately, the account was referred to DHS' Outside Collection Agency and pursued as a third party liability (TPL). The patient's TPL claim settled for \$14,000, and his attorney is proposing the following disbursement of the proceeds:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement</b>
<b>Lawyer's Fees</b>	\$4,666.67	\$4,666.67	33.34%
<b>Lawyer's Cost</b>	\$0	\$0	0%
<b>LAC+USC Medical Center</b>	\$72,984	\$4,666.66	33.32%
<b>Other Lien Holders</b>	\$0	\$0	0%
<b>Patient</b>		\$4,666.67	33.34%
<b>Total</b>		\$14,000	100%

Based on financial information provided by the patient, it appears that the patient has no other source of income, or personal or real property to meet his obligation to LAC+USC Medical Center.

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 2  
DATE: May 8, 2007

<b>Total Charges</b>	\$31,210	<b>Account Number</b>	3499665 & 3549624
<b>Amount Paid</b>	\$0	<b>Service Type</b>	Inpatient & Outpatient
<b>Balance Due</b>	\$31,210	<b>Date of Service</b>	10/23/05-10/28/05 & 11/03/05
<b>Compromise Amount Offered</b>	\$9,000	<b>% Of Charges</b>	29%
<b>Amount to be Written Off</b>	\$22,210	<b>Facility</b>	LAC+USC Medical Center

### JUSTIFICATION

This patient was involved in an automobile versus pedestrian accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient charges of \$31,210 for medical services rendered. During the screening process, the patient requested to be billed based on the advice of her attorney, therefore, a Medi-Cal or Ability-to-Pay application was not taken. Ultimately, the account was referred to DHS' Outside Collection Agency and pursued as a third party liability (TPL). The patient's TPL claim settled for \$30,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement**</b>
<b>Lawyer's Fees</b>	\$10,000	\$10,000	33.33%
<b>Lawyer's Cost *</b>	\$1,050	\$0	0%
<b>LAC+USC Medical Center</b>	\$31,210	\$9,000	30.00%
<b>Other Lien Holders</b>	\$11,603	\$4,565	15.22%
<b>Patient</b>		\$6,435	21.45%
<b>Total</b>		\$30,000	100%

\* The patient's lawyer waived his cost.

\*\* 45.22% of the settlement was allocated to all lien holders – (30% to LAC+USC Medical Center and 15.22% to others).

Based on financial information provided by the patient, it appears that the patient has no other source of income, or personal or real property to meet his obligation to LAC+USC Medical Center.

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 3  
DATE: May 8, 2007

<b>Total Charges</b>	\$112,076	<b>Account Number</b>	Various
<b>Amount Paid</b>	\$0	<b>Service Type</b>	Inpatient & Outpatient
<b>Balance Due</b>	\$112,076	<b>Date of Service</b>	Various
<b>Compromise Amount Offered</b>	\$46,667	<b>% Of Charges</b>	42%
<b>Amount to be Written Off</b>	\$65,409	<b>Facility</b>	LAC+USC Medical Center

### JUSTIFICATION

This patient was involved in an automobile versus automobile accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient charges of \$112,076 for medical services rendered. The patient was financially screened and was provided a checklist for the Ability-to-Pay program; however, the patient did not return to apply. The patient's third party liability claim settled for \$140,000, and his attorney is proposing the following disbursement of the proceeds:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement **</b>
<b>Lawyer's Fees *</b>	\$56,000	\$46,666	33.33%
<b>Lawyer's Cost *</b>	\$0	\$0	0%
<b>LAC+USC Medical Center</b>	\$112,076	\$46,667	33.34%
<b>Other Lien Holders</b>	\$4,589	\$2,105	1.50%
<b>Patient</b>		\$44,562	31.83%
<b>Total</b>		\$140,000	100%

\* The patient's lawyer has waived his cost and reduced his fees from 40% to 33.33%.

\*\* 34.84% of the settlement was allocated to all lien holders – (33.34% to LAC+USC and 1.50% to others).

Based on financial information provided by the patient, it appears that the patient has no other source of income, or personal or real property to meet his obligation to LAC+USC Medical Center.